

The Buck's Rebound Begins Here

May 27, 2009



Pershing Square Capital Management, L.P.

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The analyses provided include certain estimates and projections prepared with respect to, among other things, the historical and anticipated operating performance of the Company. Such statements, estimates, and projections reflect various assumptions by Pershing Square concerning anticipated results that are inherently subject to significant economic, competitive, and other uncertainties and contingencies and have been included solely for illustrative purposes. No representations, express or implied, are made as to the accuracy or completeness of such statements, estimates or projections or with respect to any other materials herein. Actual results may vary materially from the estimates and projected results contained herein.

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Agenda

- ▶ **Why We Like General Growth Properties**
- ▶ **A Brief History**
- ▶ **Not Your Typical Bankruptcy**
- ▶ **GGP's Assets Are Greater Than Its Liabilities**



Ala Moana

**Why Do We Like
GGP?**

What is GGP?



GGP REIT

Includes Retail & Office Properties

- Over 200 regional malls (>160mm sq ft)⁽¹⁾ / outdoor shopping centers
- Over 30 grocery-anchored shopping centers
- Office properties in Arizona, Nevada and near Maryland / Washington D.C.
- 1.3bn mall visits per year
- >24,000 tenants
- >3,700 employees⁽²⁾

GGMI

General Growth Management Inc.

- Provides management, leasing and marketing services
- Over 60% of revenue derived from third party (non-GGP) malls
- Manages many of GGP's JV malls

MPC

Master Planned Communities

- Develops and sells land for residential and commercial use
- Land located near Maryland / Washington D.C., Summerlin, NV and Houston, TX
- ~18,000 saleable acres

⁽¹⁾ Includes anchor GLA and the Company's pro rata share of JV malls.

⁽²⁾ >400,000 employees including retail tenants.

Diverse Tenant Base

GGP has over 24,000 tenants, with its largest tenant accounting for only 2.7% of revenue as of March 31, 2009

<u>TOP TEN LARGEST TENANTS (COMPANY RETAIL PORTFOLIO)</u>	<u>Percent of Minimum Rents, Tenant Recoveries and Other</u>	<u><i>Memo: Market Cap</i></u>
Gap, Inc.	2.7 %	\$11.8bn
Limited Brands, Inc.	2.7	4.0bn
Abercrombie & Fitch Co.	2.2	2.4bn
Foot Locker, Inc.	2.2	1.8bn
Macy's, Inc.	1.7	5.0bn
American Eagle Outfitters, Inc.	1.4	3.0bn
Express, LLC	1.2	Private
Forever 21, Inc.	1.1	Private
Luxottica Group S.P.A.	1.1	Private
J.C. Penney Company, Inc.	1.1	6.0bn

Source: GGP Q1'09 operating supplement.

High Quality Assets

Green Street assigns an 'A' grade to 73 malls in GGP's portfolio

GGP has seven malls considered "A+" in quality, comprised of:

Ala Moana	Oakbrook Center
Arrowhead Towne Center	Tysons Galleria
Fashion Show	Water Tower Place
Grand Canal Shoppes	

Twenty nine properties fall under the "A"-quality umbrella, comprised of:

Alderwood Mall	Maine Mall	Park Meadows	Staten Island Mall
Baybrook Mall	Mall in Columbia	Perimeter Mall	Stonestown Galleria
Beachwood Place	Mayfair Mall	Pinnacle Hills Promenade	Whalers Village
Bridgewater Commons	Mizner Park	Providence Place	Willowbrook Mall (NJ)
Christiana Mall	Natick Collection	Riverchase Galleria	Willowbrook Mall (TX)
Fashion Place	North Star	Shops at La Cantera	
Glendale Galleria	Northbrook Court	Shoppes at the Palazzo	
Kenwood Towne Center	Otay Ranch Town Center	St. Louis Galleria	

Finally, thirty seven malls are estimated to be "A-" in quality, comprised of:

Bayside Marketplace	Lynnhaven Mall	Quail Springs Mall	Town East Mall
Boise Towne Square	Mall St. Matthews	Ridgedale Center	Towson Town Center
Boulevard Mall	Neshaminy Mall	RiverTown Crossing	Tucson Mall
Carolina Place	North Point Mall	Shoppes at Buckland Hills	Vista Ridge Mall
Clackamas Town Center	Northridge Fashion Center	Shops at Fallen Timbers	White Marsh
Collin Creek Mall	Oak View Mall	Silver City Galleria	Woodbridge Center
Coral Ridge Mall	Oxmoor Center	Spring Hill Mall	Woodlands Mall
Eden Prairie Center	Paramus Park	Stonebriar Centre	
Galleria at Tyler	Parks at Arlington	Streets at Southpoint	
Jordan Creek Town Center	Pioneer Place	Superstition Springs Center	

Not Included

Other Examples:

- ▶ Faneuil Hall Marketplace
- ▶ South Street Seaport
- ▶ Ward Centers (Honolulu, HI)



Source: Green Street.

GGP's portfolio consists of many of the best malls in America

High Quality Assets (Cont'd)

“Indicative of the strength within our portfolio is the performance of our 50 most productive United States centers. These properties generated average sales per square foot of approximately \$648. Not only do these 50 centers produce tremendous sales per square foot, they also represent approximately 50% of our total mall NOI. This is one more example of the quality of our portfolio, and quality will be more important than ever as we move forward in 2008 and 2009.”

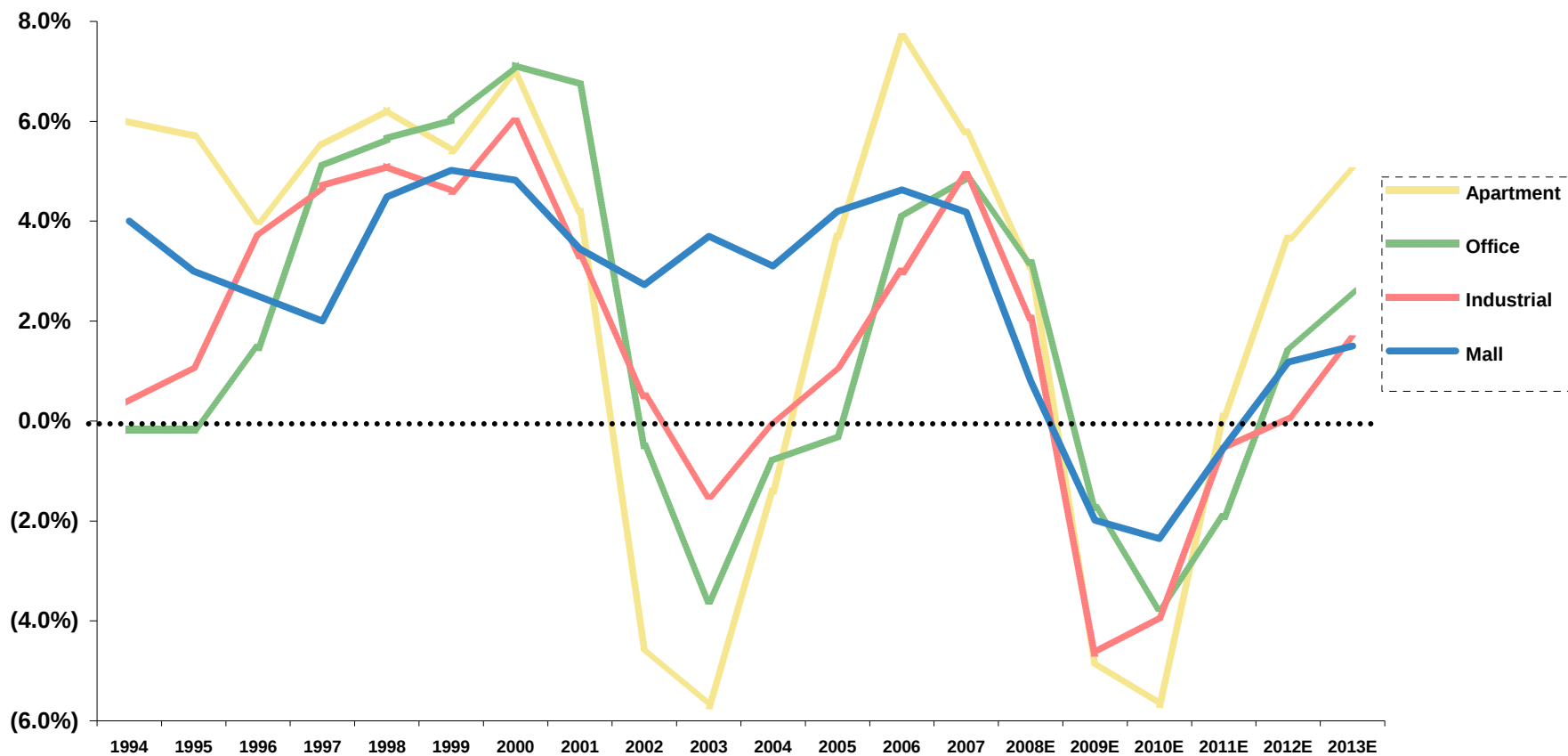
–John Bucksbaum, Chairman and Former CEO, July 31, 2008

Because the NOI from GGP’s highest quality malls should be valued at materially lower cap rates than its lower quality malls, a substantial majority of GGP’s equity value is in the Company’s best assets

Why We Like Malls

Relative to other real estate asset classes, malls have historically generated the most stable cash flow

Weighted-Average Same-Store NOI Growth Across Various Property Types

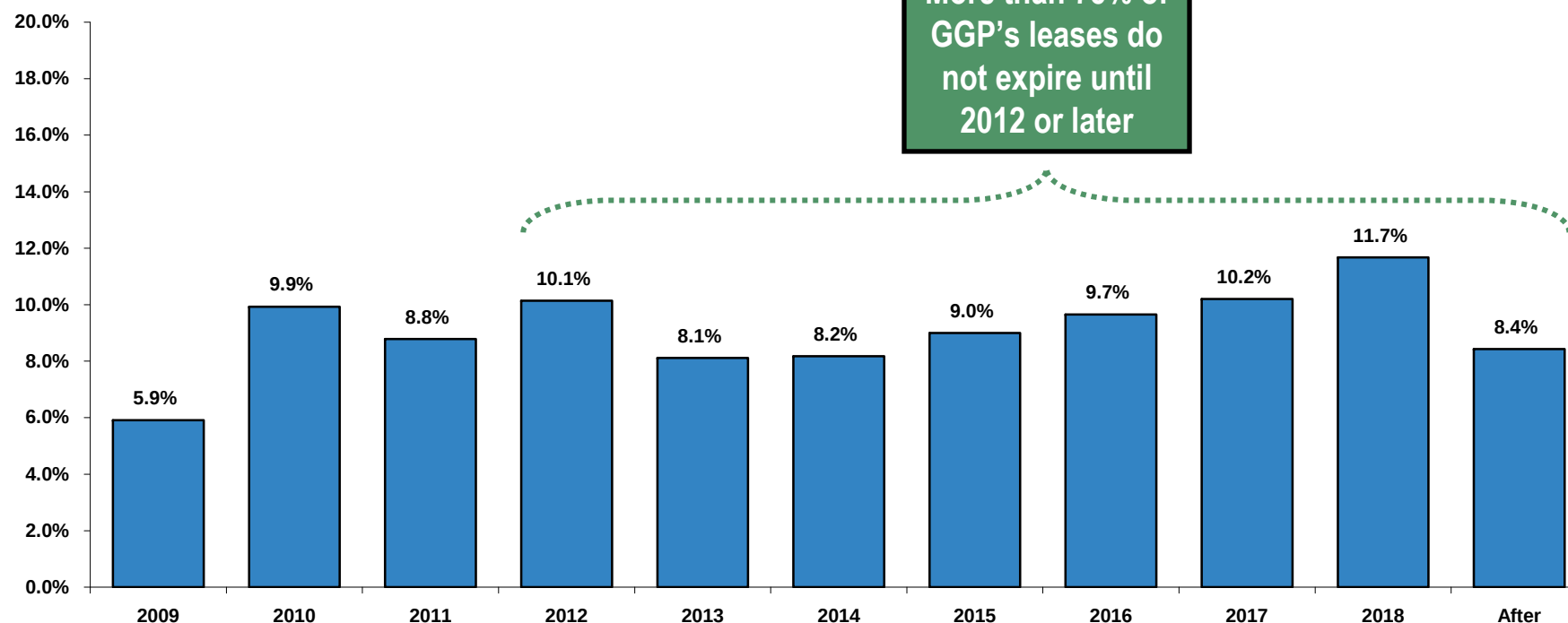


Long Term Leases

GGP's business is far less cyclical than that of the retail industry because its revenues are insulated by long-term leases which are structurally senior claims

GGP Lease Expiration Schedule (1)

More than 75% of GGP's leases do not expire until 2012 or later



Rent & Recov. Per Sq Ft	\$36.83	\$41.07	\$47.78	\$53.07	\$56.24	\$56.04	\$64.70	\$67.47	\$70.16	\$74.81	\$61.75
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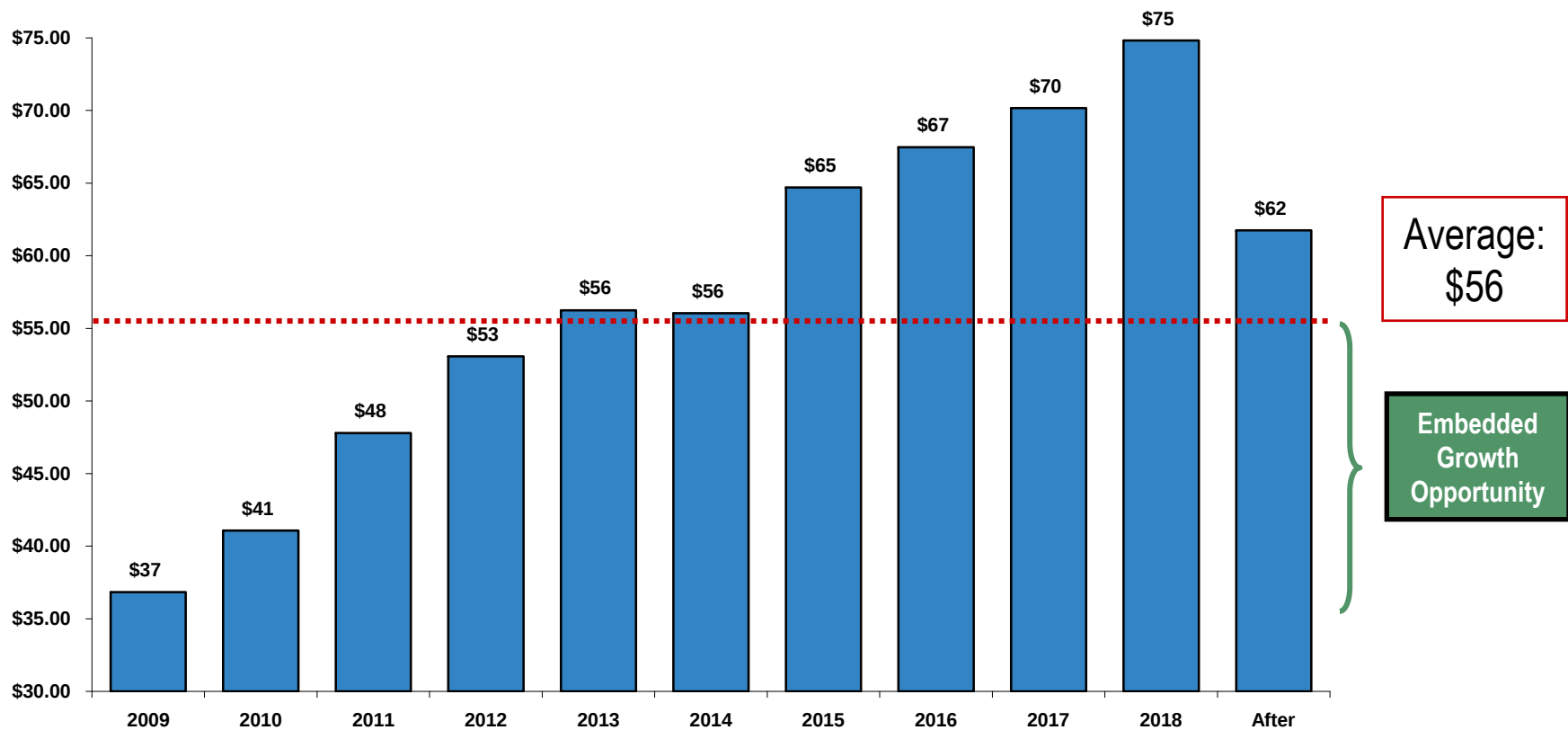
Source: GGP Q1'09 operating supplement. Expiration includes Company's pro rata share of its unconsolidated segment.

(1) Excludes leases on anchors of 30,000 square feet or more and tenants paying percentage rent in lieu of base minimum rent. Excludes all international operations which combined represent ~1% of segment basis real estate property NOI. Also excludes community centers. Percentage is weighted based on rent per square foot.

Embedded Growth

GGP's long term lease-based revenue model offers embedded growth in good times and mitigates revenue declines in bad times

GGP Rent & Recoverable Per Sq Ft Expiration Schedule (1)

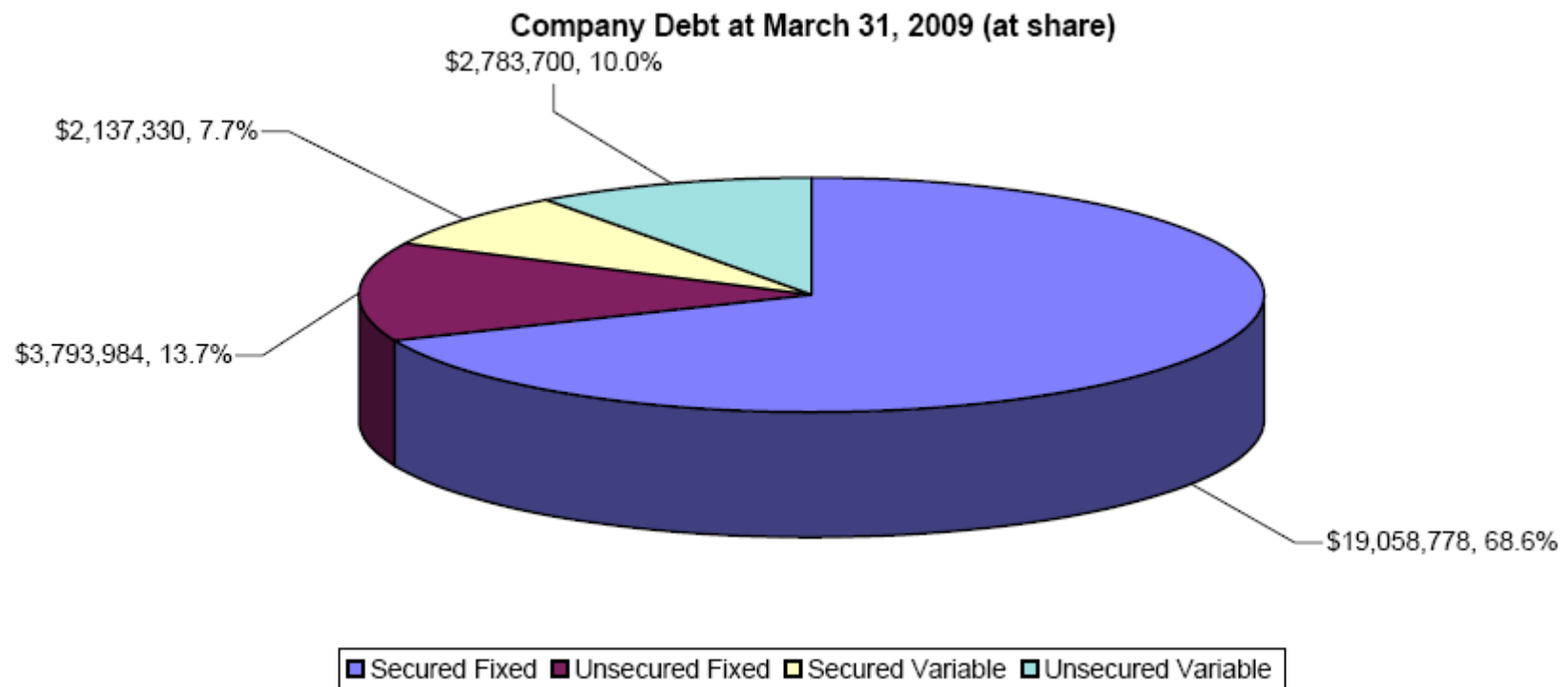


Source: GGP Q1 '09 operating supplement. Expirations include company's pro rata share of its unconsolidated segment.

⁽¹⁾ Data includes significant proportion of short-term leases on inline spaces that are leased for one year. Rents and recoverable common area costs related to these short-term leases are typically much lower than those related to long-term leases. Any inferences the reader may draw regarding future rent spreads should be made in light of this difference between short- and long-term leases.

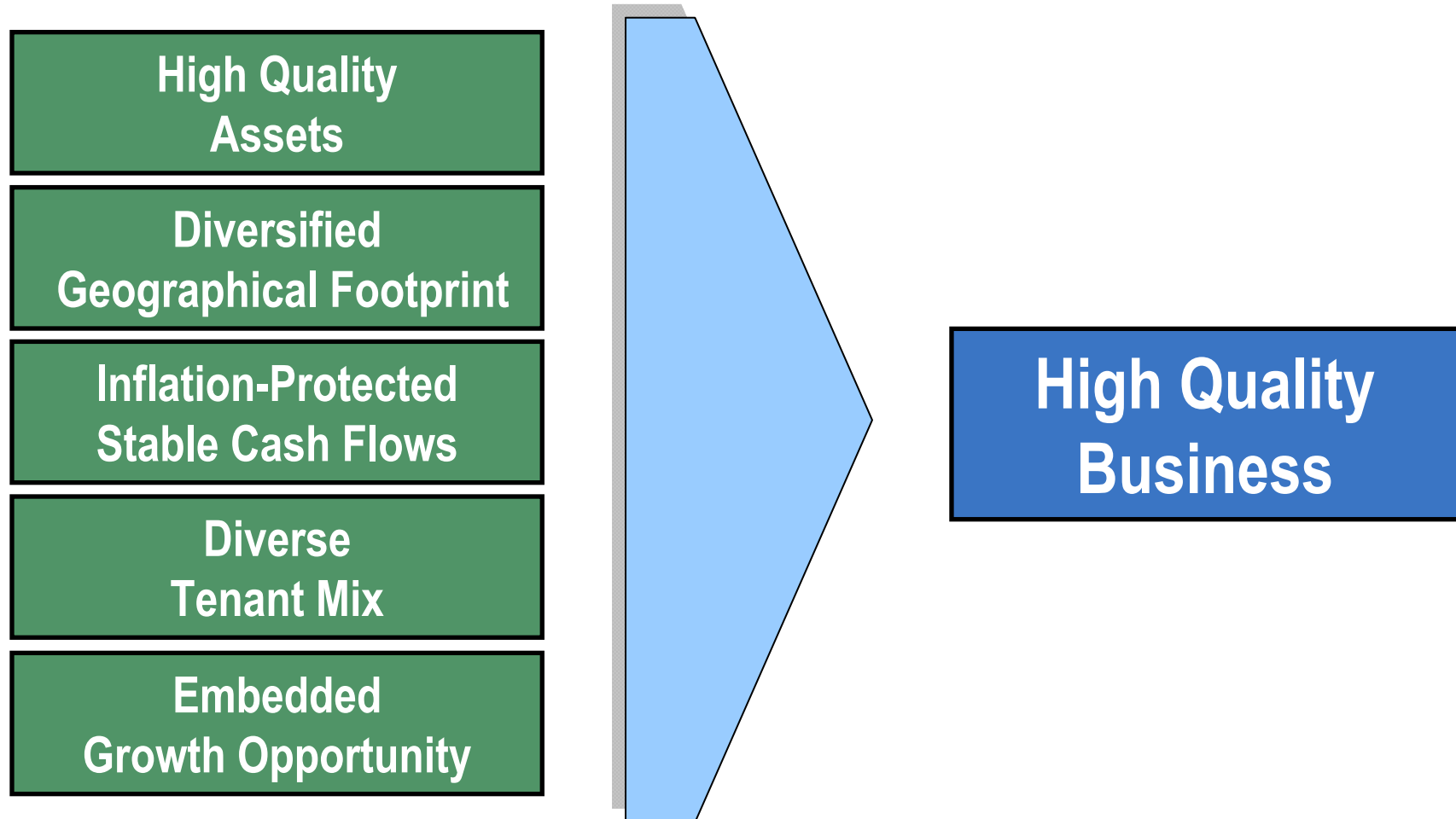
Inflation-Protected

Approximately 82% of GGP's debt is fixed rate



Source: Q1'09 operating supplement.

Why Do We Like GGP?

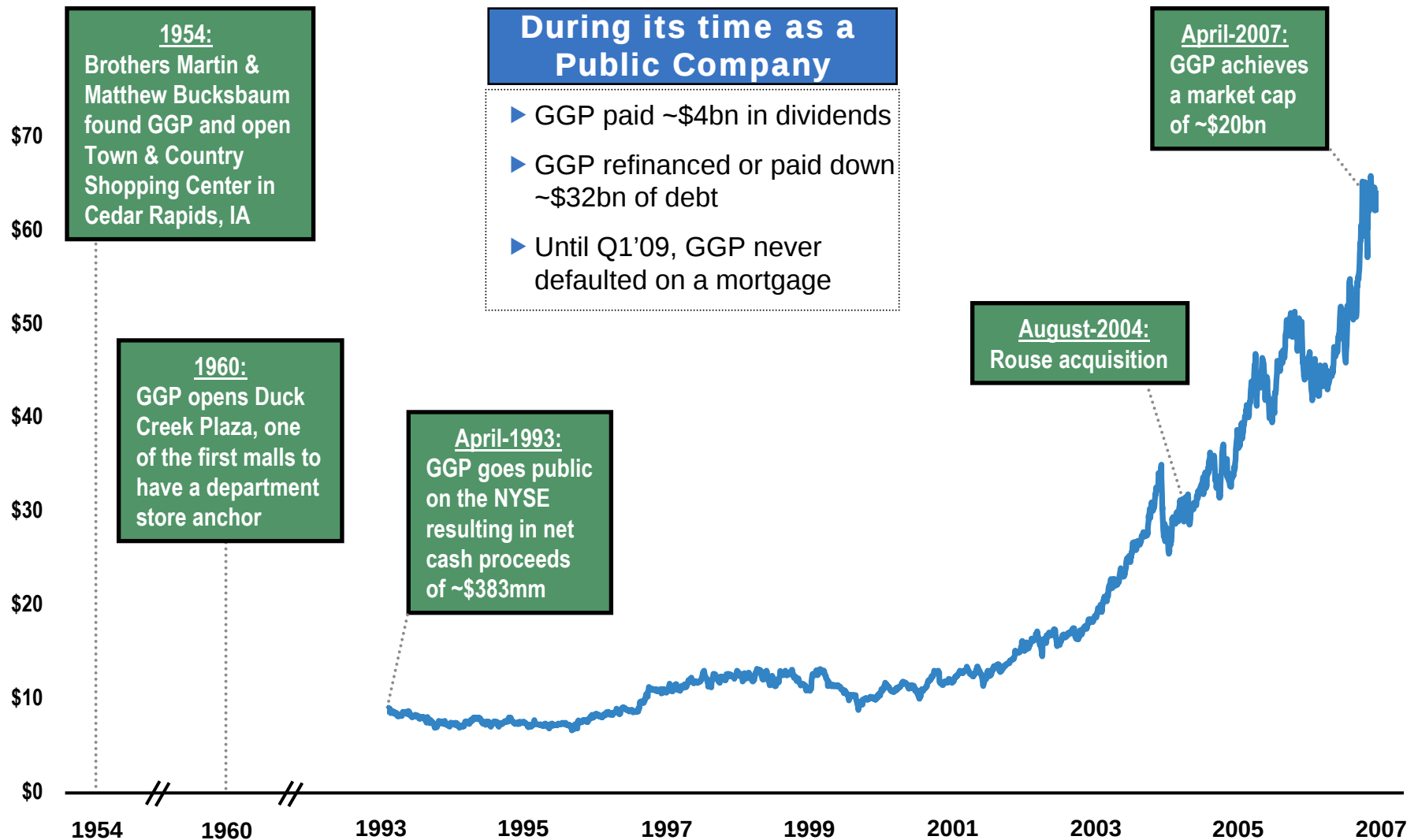




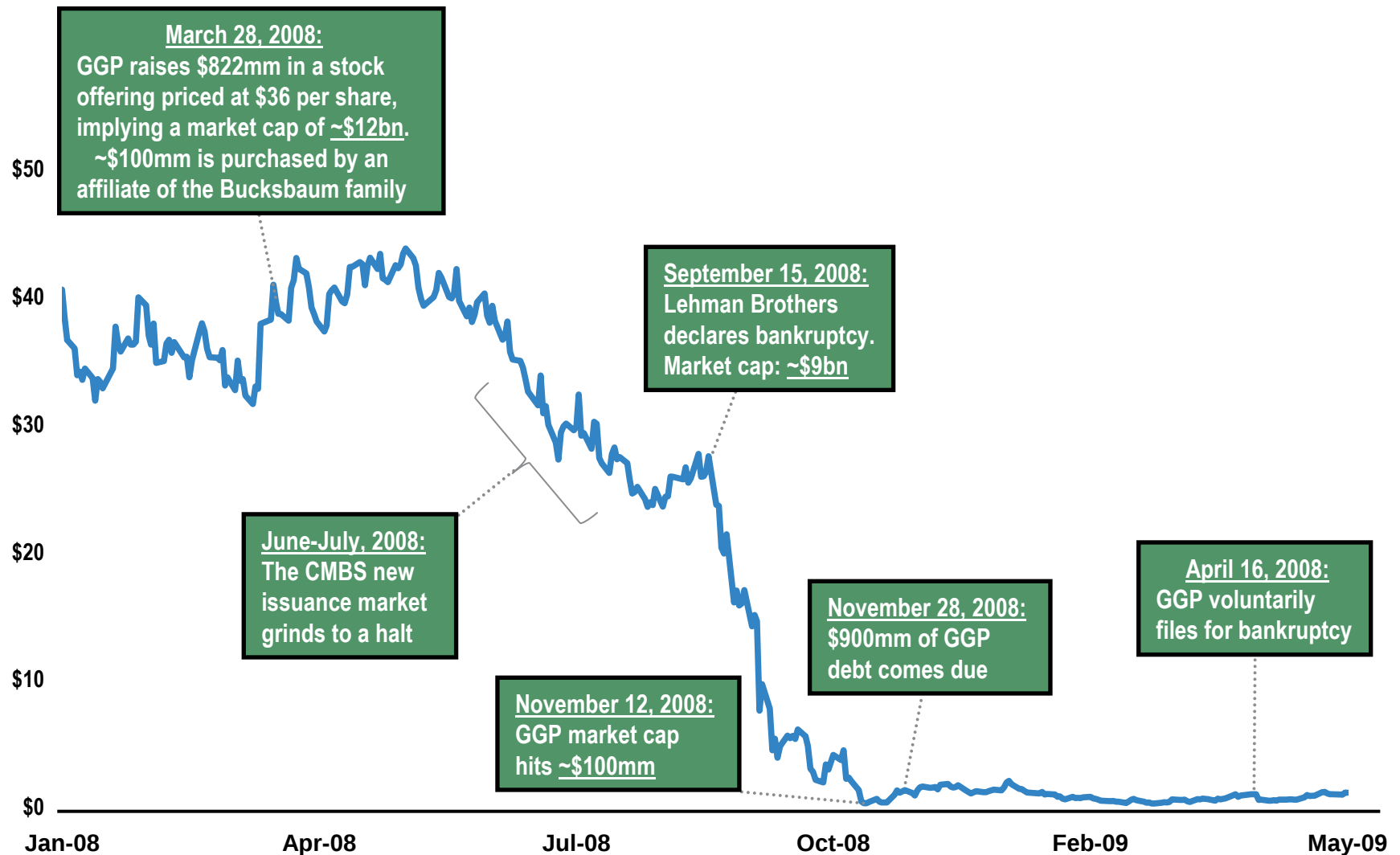
*Town and Country Center
Cedar Rapids, 1954*

A Brief History

The Rise of GGP: 1954 – 2007

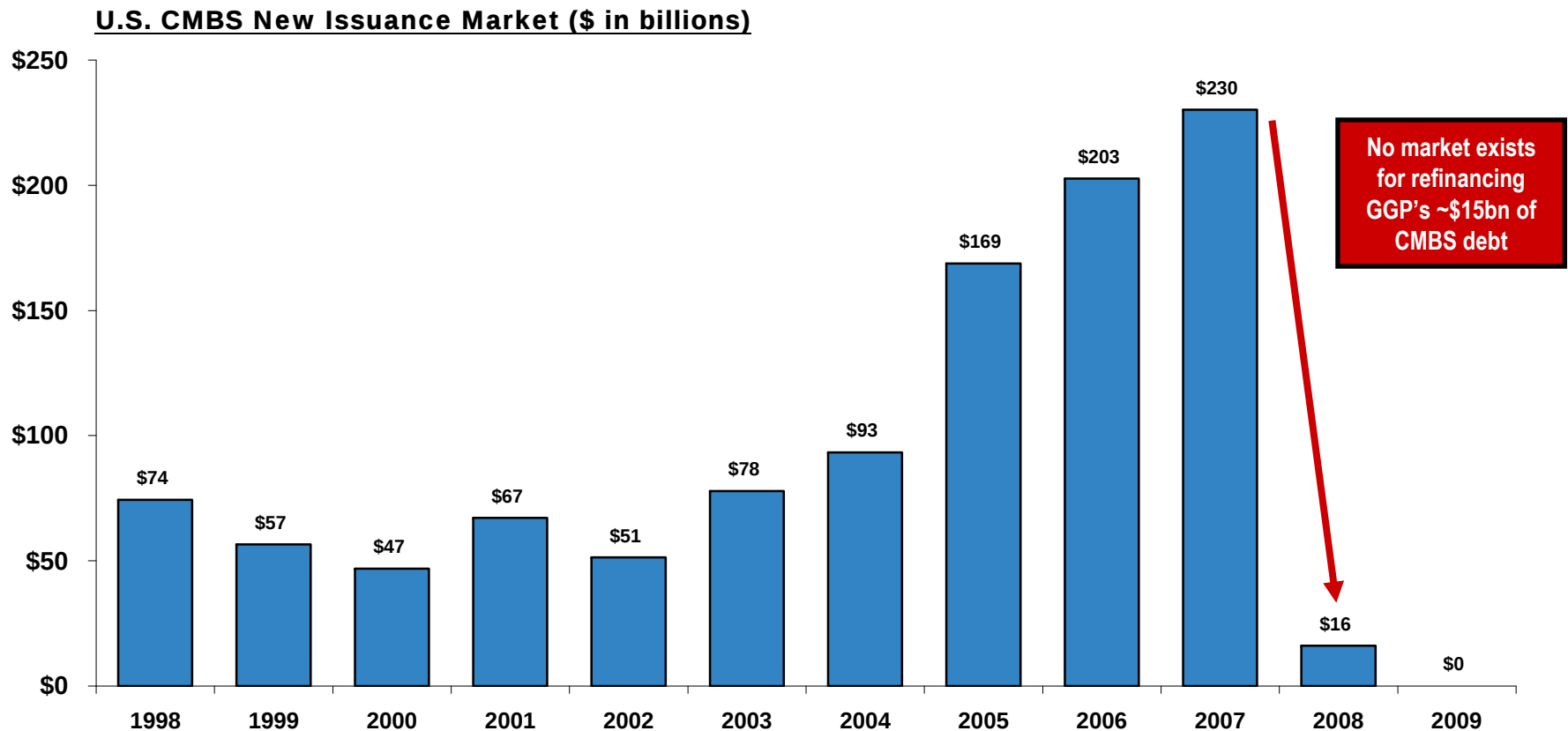


The Fall of GGP: 2008 – Current



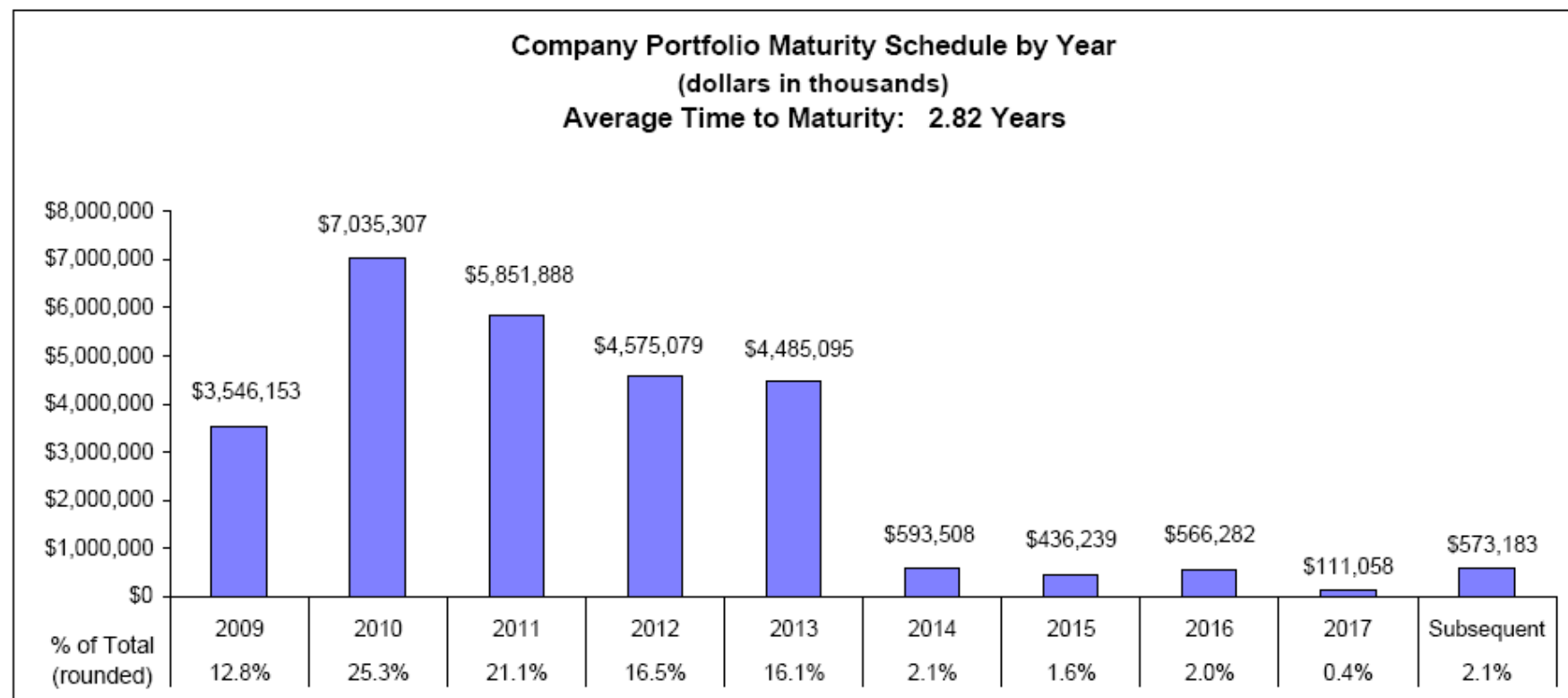
The Problem

Over the past decade, GGP was a significant issuer of CMBS with ~\$15bn of CMBS debt. In mid-2008, the CMBS market shut down



The Problem (Cont'd)

GGP's bankruptcy is the result of the unprecedented disruption in the credit markets coinciding with large near-term debt maturities



Source: GGP Q1'09 operating supplement.

Despite the turmoil in the credit markets, GGP's operating performance remains strong

Occupancy as of Q1'09

GGP's occupancy ranks among the top of its peer group

Glimcher occupancy benefitted in Q1'09 from the signing of temporary tenants to one year leases that had previously been excluded from the occupancy calculation. Occupancy was 90.6% as of Q3'07



Note: Occupancy is defined as percent of mall shop and freestanding GLA leased.

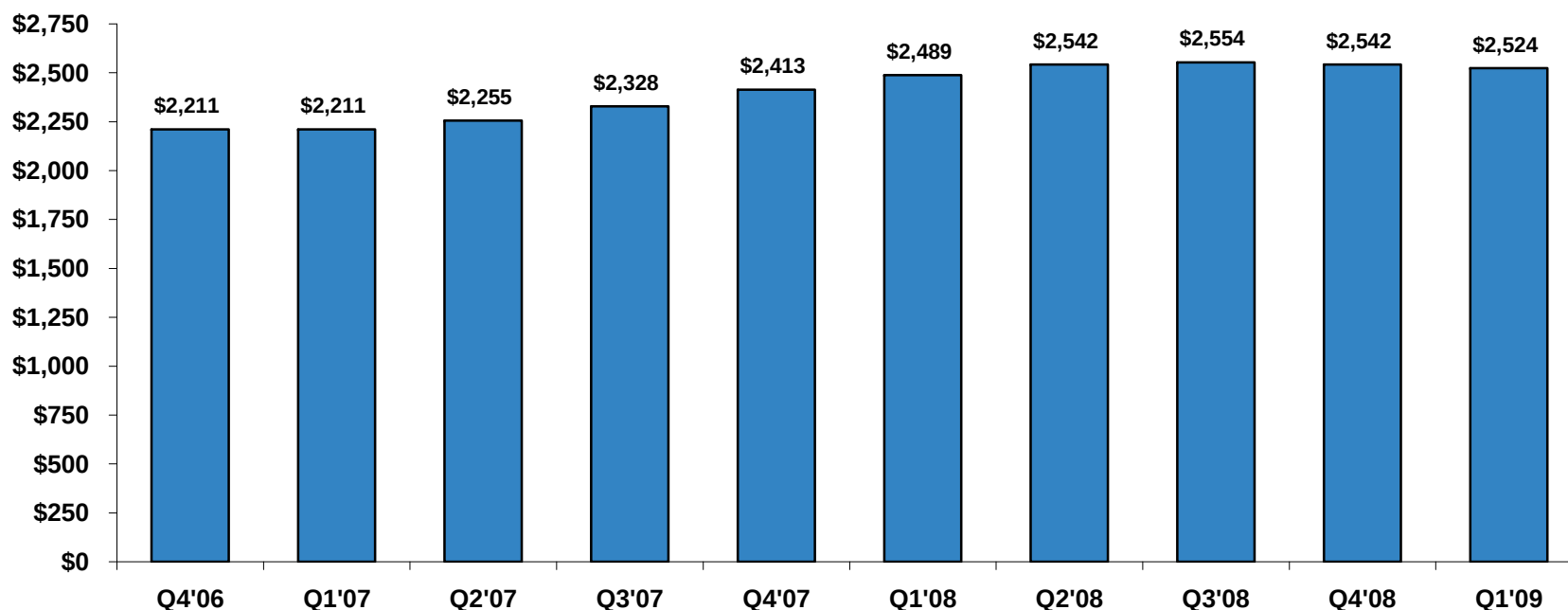
(1) SPG figures are for regional malls only.

(2) CBL figures are for stabilized regional malls only (excludes new developments and redevelopments).

Trailing Twelve Month Cash NOI

As of Q1'09, GGP's trailing twelve month cash NOI grew 1.4% on a year over year basis. Adjusting for lease termination income, cash NOI grew 2.4%

TTM Cash NOI (\$ in millions)



Cash NOI Growth (YoY)	6.6%	4.0%	5.0%	7.2%	9.2%	12.6%	12.7%	9.7%	5.3%	1.4%
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Excl. Termination Income

Adj. Cash NOI Growth (YoY)	5.7%	5.1%	5.7%	7.6%	9.1%	10.8%	10.9%	8.5%	5.1%	2.4%
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Note: NOI figures exclude management fee income and NOI associated with the MPC segment.

Cash NOI adjusts for non-cash items such as straight-line rent, lease mark to market adjustments (FAS 141), non-cash ground rent expense and real estate tax stabilization.



Water Tower Place

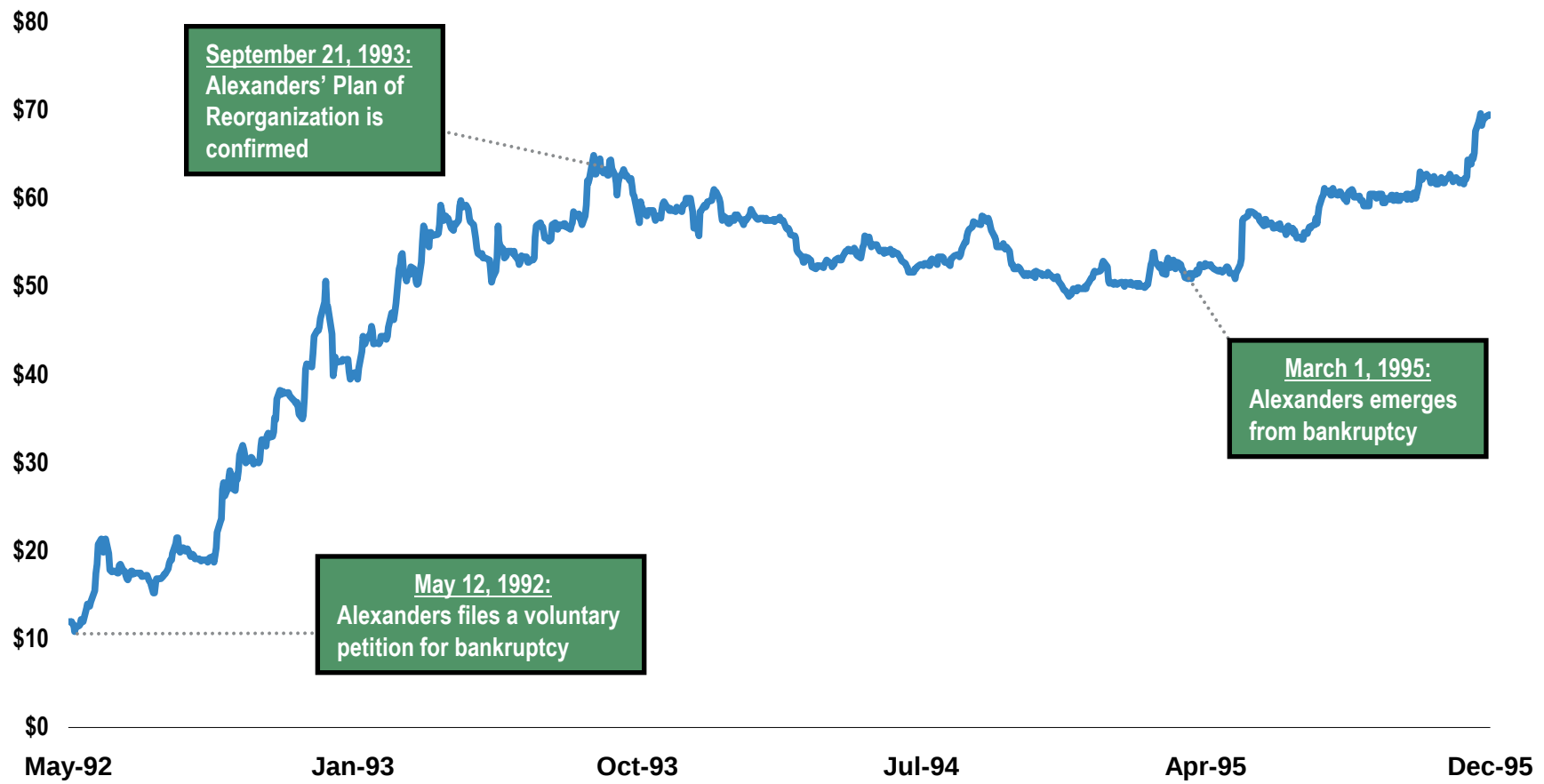
**Not Your Typical
Bankruptcy**

Unlike most bankruptcies where equity holders lose most, if not all, of their value, we believe GGP's bankruptcy provides the ideal opportunity for a fair and equitable restructuring of the Company that preserves value for all constituents: secured lenders, unsecured lenders, employees, and equity holders

A Little Personal History

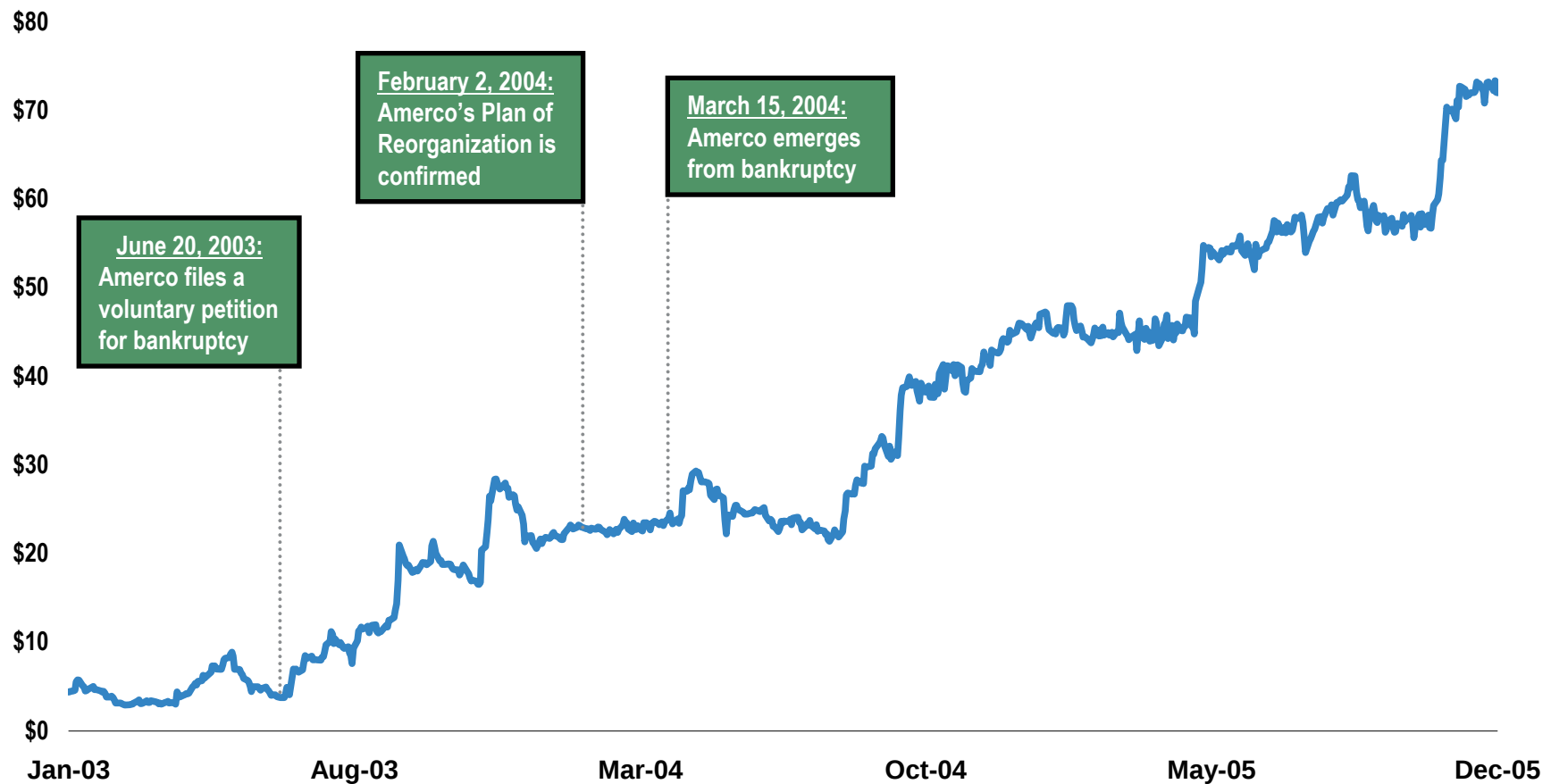
Alexander's Inc.

While in bankruptcy, Alexander's stock price appreciated 358%



Amerco Bankruptcy

While in bankruptcy, Amerco's stock price appreciated 456%



Why Did Amerco File for Bankruptcy?



Amerco filed for bankruptcy as the result of a *liquidity* issue that arose even though the underlying business was *solvent*

- ▶ Following Enron in late 2002, Amerco's auditors advised the company that its financial results would have to be restated
- ▶ The restatement, which involved the consolidation of an off balance-sheet financing subsidiary (SAC Holdings), resulted in a material decrease in reported net worth and an increase in reported leverage ratios. The restatement also required a time-consuming restatement of prior periods' results that led to the delayed filing of quarterly reports with the SEC
- ▶ As this situation was developing, Amerco was attempting to negotiate and replace its revolving credit facility and complete a \$275mm bond offering
- ▶ Ultimately, Amerco was unable to complete the bond offering, and, as a result, it did not have sufficient funds to meet maturing debt obligations, which led to cross-defaults and an acceleration of substantially all of the Company's other outstanding debt instruments

Why Did Amerco Shareholders Retain Value?

Analyst Question: *“How can there be any value left for shareholders under your plan when in almost every bankruptcy stockholders receive no recovery? Have creditors signed on to your plan for a full recovery?”*

Answer: *“Well, quite simply, Amerco has more assets than liabilities. Real estate appraisals showed the market value of Amerco’s unencumbered owned real estate is \$550 million higher than stated book value. Two of four major creditor groups have agreed to our plan and we’re working with the remaining persons to get agreement to our plan.”*

Joe Shoen, Amerco CEO, Q4’03 Conference Call Transcript

Bankruptcy 101

§ 1129. Confirmation of plan

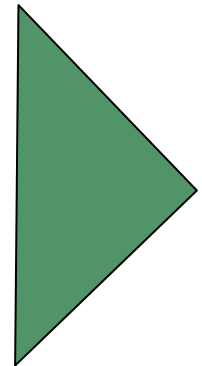
(b) (2) For the purpose of this subsection, the condition that a plan be fair and equitable with respect to a class includes the following requirements:

(A) With respect to a class of secured claims, the plan provides—

(i)(I) that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claim

(B) With respect to a class of unsecured claims—

(i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim



Creditors are entitled to a “fair and equitable” plan of reorganization

Bankruptcy 101 (Cont'd)

“Although many of the factors interpreting ‘fair and equitable’ are specified in paragraph (2), others, which were explicated in the description of section 1129(b) in the House report, were omitted from the House amendment to avoid statutory complexity and because they would undoubtedly be found by a court to be fundamental to “fair and equitable” treatment of a dissenting class. For example, a dissenting class should be assured that no senior class receives more than 100 percent of the amount of its claims.”

**Congressional Record – House
Regarding the Bankruptcy Reform Act of 1978
H.R. 7330, 95th Cong., 1st Sess. 201
September 28, 1978**

A “fair and equitable” plan only entitles creditors to recover 100% of the amount of their claims. When a debtor’s asset value exceeds the amount of its liabilities, equity holders are entitled to the residual value

GGP Reminds Us of Amerco

			
Year Founded	1945	1954	N / A
Reason for Filing?	Extrinsic Factors Created Liquidity Crisis	Extrinsic Factors Created Liquidity Crisis	Insolvency
High Quality Business?	Yes	Yes	No
Assets Worth More Than Liabilities?	Yes (Post-Filing TBV: >\$350mm)	Yes (Post-Filing TBV: >\$1bn)*	No (Post-Filing TBV: Negative)
Cash Flow Before Debt Maturities	Positive	Positive	Negative
Stability of Cash Flows	Medium	High	Low
Insider Owns Large % of Company?	Yes	Yes	No
Shareholder Advocate	Joe Shoen (CEO)	Pershing Square	None

* We believe that Tangible Book Value materially understates the fair market value of GGP's equity.

Historical Bankruptcy Analysis

We looked at 150 bankruptcies over the past decade to see if we could find any other examples of public companies entering bankruptcy with (i) positive cash flow before debt maturities and (ii) asset values in excess of liabilities.

Our analysis was limited to U.S.-based non-financial companies with asset values in excess of \$1bn. We could only find four bankruptcies that fit the bill

	What Happened To Equity Holders?	Shareholder Advocate?
	▶ Shareholders retained 100% of post-reorg equity ▶ Stock appreciated 456% during bankruptcy; increased from \$4 to \$105 trough-to-peak ▶ Creditors repaid in full	✓ Joe Shoen
	▶ Shareholders received warrants in ~30% of the post-reorg equity ▶ Personal recourse management loans largely forgiven	✓ Mgmt
	▶ Shareholders retained 100% of post-reorg equity ▶ Stock appreciated 358% in bankruptcy; increased from \$13 to \$467 trough-to-peak ▶ Creditors repaid in full	✓ Steve Roth
	▶ To be determined	✓ Pershing Square

Note: Bankruptcies since 1999 in excess of \$1bn as provided by Web BRD (Bankruptcy Research Database).
 Post-filing tangible book value used as a proxy for asset value in excess of liabilities.
 Asbestos liability bankruptcies excluded from the analysis.

Incentives of Various Constituencies in a Typical Bankruptcy

Given the incentives of the various parties involved in a typical bankruptcy, equity holders require a shareholder advocate to protect their interests

	Liquidate?	Valuation	Rationale
Secured Creditors	Depends	Low	▶ Full recovery of claim ▶ Loan to own ▶ Eliminate unsecured leverage
Unsecured Creditors	No	>Secured ; <Equity	▶ Desire to be fulcrum security ▶ Aim to receive 100% of post-reorganization equity
Management	No	Conservative	▶ “Hit with your eyes closed” POR projections ▶ Low-struck options ▶ Minimize post-reorg leverage

Post-reorganization equity is often underpriced as a result of the incentives of the various constituencies in a bankruptcy process

Given the incentives of the various constituencies in bankruptcy, what is the best way for GGP to reorganize that preserves value for secured lenders, unsecured lenders, employees, and equity holders?

A Simple Solution

A seven-year extension of GGP's secured and unsecured loans at their existing interest rates would provide the Company with sufficient time to use cash flow from operations to delever its balance sheet. With a seven-year extension, we believe the Company would be able to repay existing creditors in full

Benefits of this Approach:

- ✓ Secured and unsecured lenders receive 100% of the present value of their claims
- ✓ Prevents the liquidation of assets at “fire-sale” prices
- ✓ Preserves value for equity holders
- ✓ GGP platform remains intact
- ✓ Preserves jobs

Deleveraging Analysis Assumptions

- ▶ **All Debt maturities extended seven years at current interest rates**
- ▶ **Cash NOI projections per Green Street Same Store Mall NOI Projections ⁽¹⁾**
 - GGMI income declines / grows at 2x Cash NOI
- ▶ **GGP suspends its cash dividend payment to common shareholders through year-end 2009**
 - 10% cash / 90% stock thereafter
- ▶ **GGP maintains Future Development Spending as outlined in the Company's Q1'09 supplement**
- ▶ **GGP maintenance capex, tenant allowances and restructuring costs as outlined in the Company's 2009-2010 Cash Flow Forecast**
 - Maintenance capex and TAs in forecast are increased by ~20% to account for unconsolidated segment outlays

⁽¹⁾ See Mall REITs: May 2009 Update, page 6. Note that Simon is guiding for same store regional mall NOI to be up 0% to 1% in 2009e. Note that this method is conservative in that it does not account for NOI generated by future development spending projects.

Illustrative Deleveraging Analysis

Seven-year maturity extensions coupled with a reduced cash dividend would allow GGP to delever its balance sheet and create a substantial equity cushion

(US\$ in millions, except per unit data)	Seven Year Period								Total
	2008a	2009e	2010e	2011e	2012e	2013e	2014e	2015e	
Cash Flow Available for Debt Repurchase									
Cash NOI (excl MPC)	\$2,542	\$2,481	\$2,412	\$2,390	\$2,411	\$2,462	\$2,536	\$2,612	
Growth	5.3%	(2.4%)	(2.8%)	(0.9%)	0.9%	2.1%	3.0%	3.0%	
Plus / Less: MPCs (1)		73	(38)	15	25	50	75	75	
Plus: Fee income		98	92	91	92	96	102	108	
Less: Overhead from recurring ops (2)		(269)	(272)	(274)	(277)	(280)	(283)	(286)	
Less: Restructuring / Strategic costs		(180)	(112)	-	-	-	-	-	
Less: Maint Capex / TAs		(156)	(197)	(200)	(200)	(205)	(205)	(210)	
Less: Development capex		(183)	(99)	(138)	(138)	(140)	(140)	(145)	
Less: Other (incl income taxes, pfd distributions)		(50)	(28)	(30)	(30)	(30)	(30)	(30)	
Less: Pro Forma Interest expense	6.04%	(1,698)	(1,693)	(1,687)	(1,676)	(1,662)	(1,642)	(1,616)	
Less: Cash dividend (10% cash)		-	(16)	(6)	(6)	(15)	(29)	(47)	
Cash Flow Available for Debt Repurchase		\$115	\$48	\$160	\$202	\$277	\$385	\$462	\$1,648
Illustrative Equity Value									
Propco Enterprise Value (@ 7.5% cap rate)		\$33,082	\$32,155	\$31,866	\$32,153	\$32,828	\$33,813	\$34,827	
Plus: Cash / GGMI / Dvlpmt Pipeline / MPC (3)		3,119	3,119	3,119	3,119	3,119	3,119	3,119	
Less: Total Debt (EOP)		(28,059)	(28,011)	(27,851)	(27,649)	(27,372)	(26,987)	(26,525)	
Illustrative Equity Value		\$8,141	\$7,263	\$7,134	\$7,623	\$8,575	\$9,944	\$11,420	Substantial Equity Cushion
Per Share		\$25.47	\$22.73	\$22.32	\$23.85	\$26.83	\$31.12	\$35.74	

- (1) Assumes proceeds from ~\$90mm sale of Bridgeland improve cash flow in 2009e. Aside from Bridgeland adjustment, cash flows based on 2009-2010 Cash Flow Forecast filed by the Company.
(2) Represents annualized Q1'09 overhead expense. Adjusts for seasonality and \$38mm of restructuring costs included in overhead line items. Ignores the potential for incremental cost saves.
(3) See valuation section for details.

Illustrative Deleveraging Analysis: Unsecured Debt Converts into Equity

Alternatively, 100% of GGP's unsecured lenders could be converted into equity. Under this scenario, GGP would be able to pay a meaningful cash dividend

(US\$ in millions, except per unit data)	Seven Year Period								Total
	2008a	2009e	2010e	2011e	2012e	2013e	2014e	2015e	
Cash Flow Available for Debt Repurchase									
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Growth	5.3%	(2.4%)	(2.8%)	(0.9%)	0.9%	2.1%	3.0%	3.0%	
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Plus: Fee income		98	92	91	92	96	102	108	
Less: Overhead from recurring ops (2)		(269)	(272)	(274)	(277)	(280)	(283)	(286)	
Less: Restructuring / Strategic costs		(180)	(112)	-	-	-	-	-	
Less: Maint Capex / TAs		(156)	(197)	(200)	(200)	(205)	(205)	(210)	
Less: Development capex		(183)	(99)	(138)	(138)	(140)	(140)	(145)	
Less: Other (incl income taxes, pfd distributions)		(50)	(28)	(35)	(35)	(35)	(35)	(35)	
Less: Pro Forma Interest expense (3)	6.45%	(1,392)	(1,392)	(1,392)	(1,392)	(1,392)	(1,392)	(1,392)	
Cash Flow Available for Dividend		\$421	\$366	\$457	\$487	\$557	\$658	\$728	\$3,673
Cash Dividend Yield		2.9%	2.7%	3.4%	3.6%	3.9%	4.3%	4.4%	

Using conservative assumptions, GGP would be able to pay a 4.4% dividend yield by year 7

Illustrative Equity Value									
Propco Enterprise Value (@ 7.5% cap rate)	\$33,082	\$32,155	\$31,866	\$32,153	\$32,828	\$33,813	\$34,827		
Plus: Cash / GGMI / Dvlpmnt Pipeline / MPC (4)	3,119	3,119	3,119	3,119	3,119	3,119	3,119		
Less: Total Debt (EOP)	(21,588)	(21,588)	(21,588)	(21,588)	(21,588)	(21,588)	(21,588)		
Illustrative Equity Value	\$14,613	\$13,686	\$13,397	\$13,684	\$14,359	\$15,344	\$16,358		
Per Share (Adj for dilution from debt conversion)	\$25.12	\$22.22	\$21.31	\$22.21	\$24.32	\$27.40	\$30.58		
% of Equity Required for Unsecureds to get 100% of Claim	45.1%	48.1%	49.2%	48.1%	45.9%	42.9%	40.3%	Average 45.6%	

In this scenario, Unsecureds would require ~45% of post-reorg equity to be made-whole

Note: Assumes \$6.6bn of GGP's unsecured debt converts fully into equity.

(1) Assumes proceeds from ~\$90mm sale of Bridgeland improve cash flow in 2009e. Aside from Bridgeland adjustment, cash flows based on 2009-2010 Cash Flow Forecast filed by the Company.

(2) Represents annualized Q1'09 overhead expense. Adjusts for seasonality and \$38mm of restructuring costs included in overhead line items. Ignores the potential for incremental cost saves.

(3) Assumes weighted average interest expense of unsecured debt is 4.7%.

(4) See valuation section for details.

What if our “Simple Solution” cannot be achieved consensually?

The Bankruptcy Code offers the ability for debtors to “cram down” creditors so long as each class of creditor receives the present value of their claims

If a creditor is not paid in cash or property upon emergence, it must receive future payments, the present value of which equals its bankruptcy claim

“Plans that invoke the cram down power often provide for installment payments over a period of years rather than a single payment. In such circumstances, the amount of each installment must be calibrated to ensure that, over time, the creditor receives disbursements whose total present value equals or exceeds that of the allowed claim.”

– Opinion of Justice Stevens, Till v. SCS Credit Corp

What interest rate must the debtor pay over time on its obligations to its creditors in a cram down?

The Till Precedent

In the case of Till v. SCS Credit Corp. (2004), the U.S. Supreme Court established a precedent upon which to adjust interest rates in the bankruptcy context:

If There is an Efficient Market:

If an “efficient” market exists for the debt, then the court may apply the “market rate,” which is the rate that the market will bear for the proposed loan

Absent an Efficient Market:

Absent an efficient market, the court is to apply a “formula approach” involving setting the rate at the prevailing prime rate plus a “risk adjustment” rate generally between 1% and 3%

GGP falls
into this
category



The Logic of Till

“Thus, unlike the coerced loan, presumptive contract rate, and cost of funds approaches, the formula approach entails a straightforward, familiar, and objective inquiry, and minimizes the need for potentially costly additional evidentiary proceedings. Moreover, the resulting ‘prime-plus’ rate of interest depends only on the state of financial markets, the circumstances of the bankruptcy estate, and the characteristics of the loan, not on the creditor’s circumstances or its prior interactions with the debtor. For these reasons, the prime-plus rate best comports with the purposes of the Bankruptcy Code.”

**Opinion of Justice Stevens
Supreme Court of the United States
Till v. SCS Credit Corp
May 17, 2004**

The Progeny of Till

Since the Supreme Court ruling in 2004, Till has been applied in numerous bankruptcy proceedings

Cases:

In re Bivens

In re Cachu

In re Cantwell

In re Flores

In re Harken

In re Pokrzywinski

In re Prussia Associates

Rate:

Prime + 2.25%

Prime + 0.5%

Prime + 1.0%

Prime + 1.0%

Prime + 3.0%

Prime + 1.5%

Prime + 1.5%

Source:

317 B.R. 755, 769 (Bankr.N.D.Ill.2004)

321 B.R. 716, 725 (Bankr.E.D.Cal.2004)

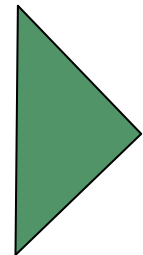
336 B.R. 688, 45 (Bankr.D.N.J.2006)

Not Reported in B.R. (Bankr.D.N.J.2006)

Not Reported in B.R. (Bankr.N.D.Iowa.2004)

311 B.R. 846, 850-51 (Bankr.E.D.Wis.2004)

322 B.R. 572, 44 (Bankr.E.D.Pa.2005)



Note: The above list is not meant to be comprehensive.

In re Prussia Associates

The Bankruptcy Court's ruling in the case of Prussia Associates, a limited partnership that owns and operates one hotel in King of Prussia, PA, shows that even if an efficient market is deemed to exist, the Court might still opt for a "prime-plus" formula approach

"The Court is constrained, therefore, to conclude that, although this case presented an occasion upon which it indeed made sense to inquire as to what the relevant market rate of interest might be, the totality of the evidence presented did not permit a sufficiently informed conclusion to be drawn. Put differently, this case demonstrates that the mere existence of an efficient market does not guarantee that the short-comings of the coerced loan approach to rate setting, as described in *Till*, will automatically be overcome. The Court will thus fall back upon *Till*, and the formula approach, as the preferred means for setting the interest rate herein."

**Opinion of Judge Raslavich
United States Bankruptcy Court, E.D. Pennsylvania
In re Prussia Associates
April 5, 2005**

In re Prussia Associates (Cont'd)

The Court ruled that the appropriate mortgage rate should be set at Prime + 1.5% (7.25%), despite the Creditor's contention that the "market rate" was 9.72%

"The prime rate as of today is 5.75%. This rate, therefore, will be the applicable base rate. The risk premium, per Till, will normally fluctuate between 1% and 3%. **The appropriate size of the adjustment, per Till, will depend on factors such as the circumstances of the estate, the nature of the security and the duration and feasibility of the reorganization plan. The creditor bears the burden of proof on this issue.**" In this instance, [the Creditor] has raised certain legitimate questions as to the feasibility of the Debtor's plan; however it has done little to overcome the evidence which indicates both that the Debtor's operations are improving apace, and that the value of Fremont's collateral is appreciating steadily. The Court thus views the risks attendant to the proposed loan as neither negligible nor extreme. Based upon this, the Court will require the addition of a 1.5% risk premium to the aforesaid prime rate for the recast [Creditor] loan."

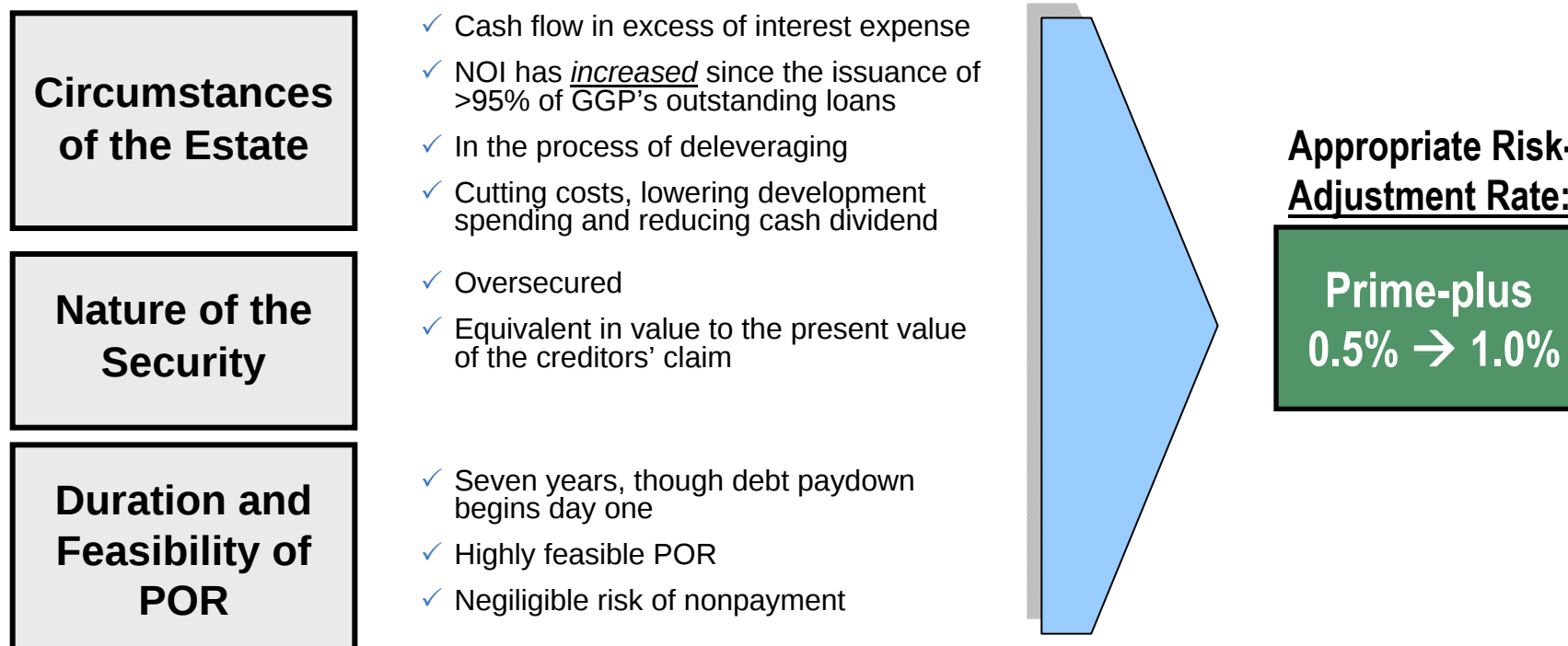
We note that GGP is a higher quality, lower risk business than Prussia Associates, which owns one hotel, the Valley Forge Hilton

**Opinion of Judge Raslavich
United States Bankruptcy Court, E.D. Pennsylvania
In re Prussia Associates**

April 5, 2005

What Factors Will the Court Consider in Determining the Appropriate Risk Adjustment Spread for GGP?

Based on these precedents, we believe the court could confirm a plan at a rate that is lower than GGP's current weighted average interest rate



"The appropriate size of [the] risk adjustment depends, of course, on such factors as the circumstances of the estate, the nature of the security, and the duration and feasibility of the reorganization plan"

– Opinion of Justice Stevens, Till v. SCS Credit Corp

The Prime Rate May be Sufficient

In light of GGP's highly diversified, high quality portfolio, in a reorganization where the unsecured debt converts to equity, the court may deem the Prime rate plus 0% to be a sufficient rate of interest on GGP's secured debt

Footnote 18:

“We note that, if the court could somehow be certain a debtor would complete his plan, the prime rate would be adequate to compensate any secured creditors forced to accept cram down loans”

– Opinion of Justice Stevens, Till v. SCS Credit Corp.

**What If GGP's Debt Were Re-Priced
to Till-Mandated Rates?**

Illustrative Deleveraging Analysis: Prime [3.25%] + 0.75% for Secured; Prime + 1.50% for Unsecured

A plan that sets GGP's secured debt and unsecured debt to Prime + 0.75% and Prime + 1.50%, respectively, would allow for substantial deleveraging and further increase the probability of a highly successful reorganization

(US\$ in millions, except per unit data)	Seven Year Period								Total
	2008a	2009e	2010e	2011e	2012e	2013e	2014e	2015e	
Cash Flow Available for Debt Repurchase									
Cash NOI (excl MPC)	\$2,542	\$2,481	\$2,412	\$2,390	\$2,411	\$2,462	\$2,536	\$2,612	
Growth	5.3%	(2.4%)	(2.8%)	(0.9%)	0.9%	2.1%	3.0%	3.0%	
Plus / Less: MPCs (1)		73	(38)	15	25	50	75	75	
Plus: Fee income		98	92	91	92	96	102	108	
Less: Overhead from recurring ops (2)		(269)	(272)	(274)	(277)	(280)	(283)	(286)	
Less: Restructuring / Strategic costs		(180)	(112)	-	-	-	-	-	
Less: Maint Capex / TAs		(156)	(197)	(200)	(200)	(205)	(205)	(210)	
Less: Development capex		(183)	(99)	(138)	(138)	(140)	(140)	(145)	
Less: Other (incl income taxes, pfd distributions)		(50)	(28)	(35)	(35)	(35)	(35)	(35)	
Less: Pro Forma Interest expense (3)		(1,161)	(1,134)	(1,107)	(1,076)	(1,042)	(1,002)	(958)	
Less: Cash dividend (10% cash)		-	(126)	(120)	(124)	(137)	(155)	(177)	
Cash Flow Available for Debt Repurchase		\$652	\$498	\$622	\$679	\$770	\$893	\$985	\$5,099
Illustrative Equity Value									
Propco Enterprise Value (@ 7.5% cap rate)		\$33,082	\$32,155	\$31,866	\$32,153	\$32,828	\$33,813	\$34,827	
Plus: Cash / GGMI / Dvlpmt Pipeline / MPC (4)		3,119	3,119	3,119	3,119	3,119	3,119	3,119	
Less: Total Debt (EOP)		(27,522)	(27,024)	(26,402)	(25,723)	(24,953)	(24,060)	(23,075)	
Illustrative Equity Value		\$8,679	\$8,251	\$8,583	\$9,548	\$10,993	\$12,871	\$14,871	
Per Share		\$27.16	\$25.82	\$26.86	\$29.88	\$34.40	\$40.28	\$46.53	

(1) Assumes proceeds from ~\$90mm sale of Bridgeland improve cash flow in 2009e. Aside from Bridgeland adjustment, cash flows based on 2009-2010 Cash Flow Forecast filed by the Company.

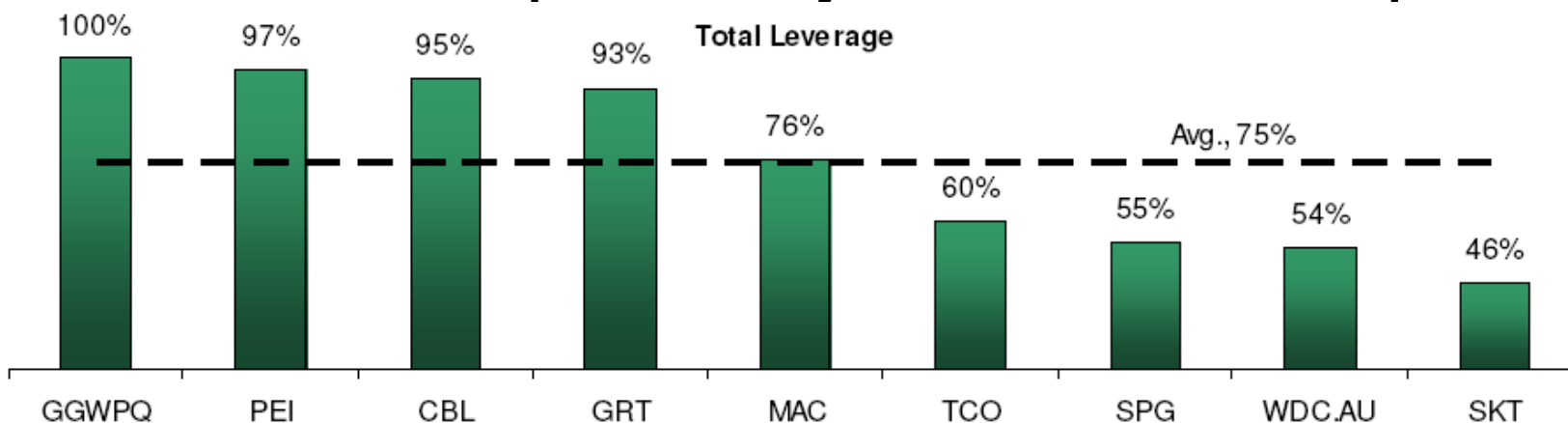
(2) Represents annualized Q1'09 overhead expense. Adjusts for seasonality and \$38mm of restructuring costs included in overhead line items. Ignores the potential for incremental cost saves.

(3) Sets secured debt interest rate at Prime + 0.75% (4.00%) and unsecured debt interest rate at Prime + 1.50% (4.75%).

(4) See valuation section for details.

What's the Alternative?

- ✓ **GGP is not the exception – many REITs have the same problem**



Source: Green Street estimates (5/14/09).

- ✓ **A liquidation will lead to a windfall for the secured creditors**
- ✓ **It will destroy the GGP franchise**
- ✓ **A liquidation will put downward pressure on real estate values impairing other borrowers' ability to refinance**
- ✓ **Nearly all REITs and other leveraged real estate owners will likely suffer the same fate if GGP is forced to liquidate**



The Grand Canal Shoppes

Valuation

Because creditors are not entitled to get more than 100% of their claim, valuation will play an important role in determining the extent to which GGP equity holders receive value in the bankruptcy process

Simon is the Best Comp for GGP REIT

Based on size, similarity of portfolio quality and relevant operating metrics, Simon represents the best comp for GGP

Regional Mall REITs - Comparative Analysis

PORTFOLIO DATA I

		Primary Market	Estimated NOI Break-Out			Mall Portfolio Number of sf (000s):	Number of Malls	Average GLA/Mall (X's 1,000sf)	Avg. Percent Ownership (1)	Mall Quality Grade	Recent Occup (2)	Last 12 Months Sales/sf (3)	2008 Sales/sf	YTD Same-Store Sales Growth	2008 Same-Store Sales Growth	In-Line Tenant Occ Costs (4)
			Malls	Strips	Other											
CBL & ASSOCIATES	CBL	National	93%	3%	4%	72,600	84	864	94%	B/B-	88.9%	\$326	\$331	-4.4%	-4.3%	13.2%
GENERAL GROWTH	GGWPQ	National	96%	2%	2%	167,700	182	922	82%	A-/B+	90.9%	\$427	\$438	-6.7%	-3.8%	13.3%
GLIMCHER REALTY TRUST	GRT	National	98%	2%	0%	19,100	21	909	95%	B-	91.2%	\$355	\$348	-3.6%	-3.9%	NA
MACERICH	MAC	National	94%	7%	0%	63,448	71	894	79%	A-/B+	90.2%	\$440	\$441	-6.0%	-5.9%	13.7%
PENNSYLVANIA REIT	PEI	Eastern U.S.	91%	9%	0%	22,700	38	598	97%	B-	83.8%	\$340	\$342	-4.3%	-4.5%	13.4%
SIMON PROPERTY GROUP	SPG	National	74%	4%	22%	160,900	163	987	82%	A-/B+	90.8%	\$455	\$470	-7.3%	-4.3%	14.0%
TANGER FACTORY	SKT	National	0%	0%	100%	10,200	33	308	98%	NA	93.5%	\$338	\$336	-3.2%	-1.6%	8.2%
TAUBMAN CENTERS	TCO	National	100%	0%	0%	19,885	23	865	72%	A/A-	90.5%	\$522	\$539	-6.6%	-2.9%	17.5%
WESTFIELD GROUP (5)	WDC	National	100%	0%	0%	63,175	55	1,149	90%	A-/B+	90.1%	\$423	\$437	-8.4%	-6.8%	16.5%
Average:			83%	3%	14%	66,634	74	833	88%		90.0%	\$403	\$409	-5.6%	-4.2%	13.7%

Note that ~20% of Simon's GLA relates to the Mills portfolio. These properties have lower occupancy and rent per square foot than traditional regional malls and deserve a lower valuation than typical GGP assets

Simon Trades at an 8.4% Cap Rate

(\$ in millions, except per share data)

Share Price (as of 5/26/09) \$51.32

Shares & Units (1) 343

Market Cap \$17,598

Pro Rata for JVs: (2)

Plus: Total Debt (3) 24,172

Plus: Preferred Debt 276

Plus: Other Liabilities 1,983

Less: Cash (4) (2,847)

Less: Other Assets (5) (2,285)

Less: Development Pipeline (6) (256)

TEV 38,641

Less: Mgmt Business (7) (423)

Value of Simon's REIT 38,218

LTM Cash NOI (8) \$3,211

Implied Cap Rate 8.4%



(1) Includes 23mm share issuance on 5/12. Includes diluted shares as detailed on pg. 8 of Simon's operating supplement.

(2) Numbers as reported in pro-rata balance sheet.

(3) Includes \$600mm senior note issuance on 5/12.

(4) Includes proceeds from 23mm share issuance and \$600mm senior note issuance, net of 3% fees.

(5) Excludes goodwill.

(6) Applies 25% discount to Simon's share of U.S. CIP (page 41 of operating supplement).

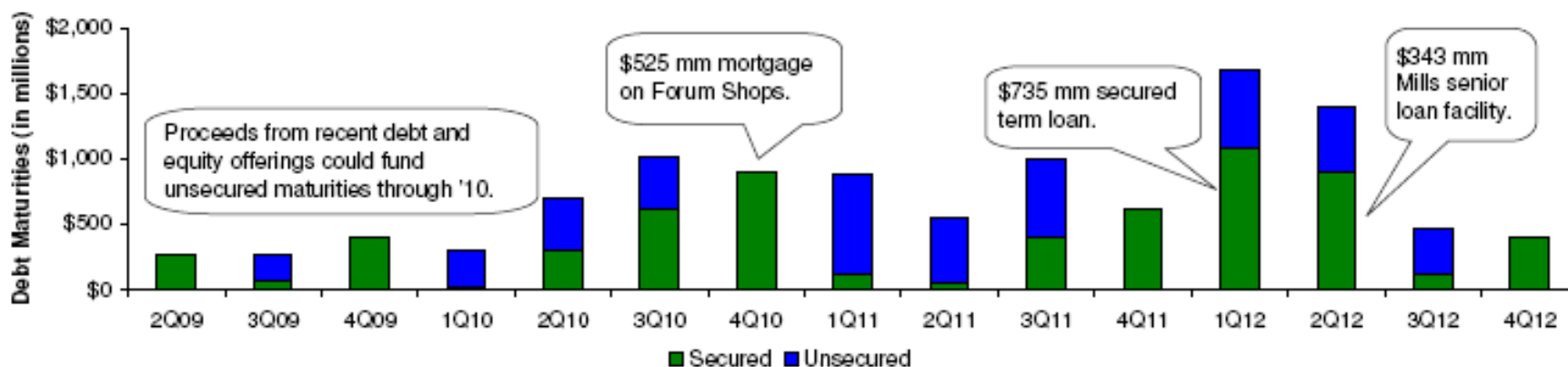
(7) Applies 25% EBIT margin to LTM fee income of \$130mm and a 13.0x EBIT multiple.

(8) Excludes mgmt income. Adjusts for non-cash revenue items such as straight-line rent and FAS 141.

NOI calculation deducts interest income and land sale gains from other revenue to be apples to apples with GGP.

Simon Debt Maturity Schedule

With ~\$11bn of debt maturities coming due by 2012, we note that Simon has meaningful liquidity risk. We believe that Simon's current valuation reflects a downward adjustment for liquidity risk and the likelihood of future equity dilution



Source: Green Street (May 14, 2009).

Value of GGP REIT

Simon's cap rate suggests the value of GGP REIT, not including GGMI and MPC, is somewhere between \$9 and \$22 per share.

(\$ in millions, except per share data)	Low	High
LTM Cash NOI (1)	\$2,524	\$2,524
Cap Rate	8.5%	7.5%
Implied Value of GGP's REIT	\$29,689	\$33,647
<u>Pro Rata for JVs: (2)</u>		
Less: Total Debt (3)	(28,174)	(28,174)
Less: Preferred Debt	(121)	(121)
Less: Other Liabilities (4)	(1,585)	(1,585)
Plus: Cash (5)	722	722
Plus: Other Assets (6)	1,777	1,777
Plus: Development Pipeline (7)	603	603
Implied Equity Value	2,911	6,870
Per Share	\$9.11	\$21.50

We believe the market assigns ≥100bp risk premium for Simon's refinancing risk

Note that GGP's 2006 Loan Agreement uses a 6.75% Retail Cap Rate in its calculation of Capitalization Value for covenant purposes

(1) Excludes mgmt income. Adjusts for non-cash revenue items such as straight-line rent, FAS 141, and non-cash ground rent expense.

(2) Applies 50% share to condensed balance sheet of unconsolidated real estate affiliates in 10-Q.

(3) Includes \$400mm DIP loan.

(4) Excludes book value of deferred tax liabilities as these mostly relate to MPC. These are taken into account when valuing the MPC segment.

(5) Includes \$400mm DIP proceeds.

(6) Excludes goodwill.

(7) 40% discount to book value.

Why 7.5% → 8.5% is a Conservative Cap Rate Range

Assuming that (i) GGP's 'A' caliber assets deserve a 7.0% cap rate and (ii) 75% of GGP's NOI is derived from 'A' assets, GGP's 'A' assets alone are worth more than its liabilities

Assumptions:

- ▶ GGP's top 50 assets generate 50% of NOI (see pg. 8)
- ▶ We estimate GGP has >80 'A' caliber assets (see pg. 7)
- ▶ Therefore, we assume ~75% of GGP's NOI is derived from 'A' assets

Illustrative Analysis: GGP's 'A' Assets Alone are Greater than its Liabilities

(\$ in millions)

LTM Cash NOI (1)	\$2,524
% of NOI from 'A' assets	<u>75.0%</u>
LTM Cash NOI - 'A' assets	1,893
Illustrative Cap Rate - 'A' assets	<u>7.0%</u>
Asset Value - 'A' Assets	\$27,038
Less: Total Debt (1)	(28,174)
Less: Preferred Debt	(121)
Less: Other Liabilities (1)	(1,585)
Plus: Cash (1)	722
Plus: Other Assets (1)	1,777
Plus: Development Pipeline (1)	<u>603</u>
Net Asset Value - 'A' Assets	\$260

This analysis suggests GGP's 'A' mall assets alone validate GGP's current market cap.

When buying the equity at ~\$1.19, one is getting the following for free:

>130 non 'A' malls

>30 grocery-anchored strip centers

GGMI

MPC

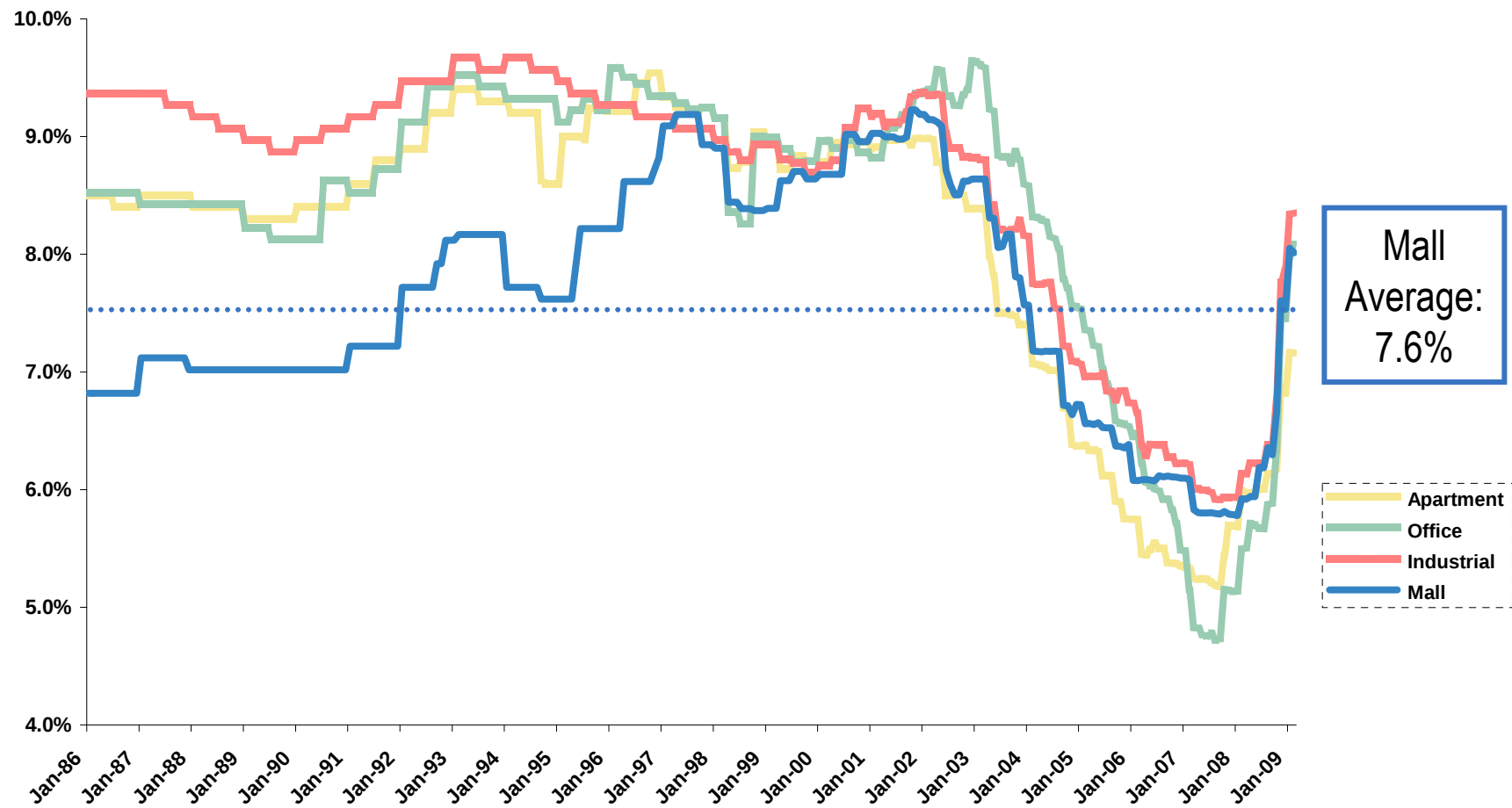
Hidden Asset Value

⁽¹⁾ See page 56 for details.

Historical Mall Cap Rates

Since 1986, Malls have traded at an average cap rate of 7.6%, and this average was achieved in much higher long-term interest rate markets

Historical Cap Rate Across Various Property Types



Source: Green Street. Cap rates are weighted by (% NOI from primary property type times market cap). Data from January, 1986 through February, 2009.

Value of GGMI

GGMI is one of the few national platforms capable of providing management and leasing services to regional retail centers. We estimate its value to be between \$1 and \$2 per share

(\$ in millions, except per share data)

	<u>Low</u>	<u>High</u>
LTM Management Income & other fees	\$100	\$100
EBIT Margin (1)	25.0%	35.0%
LTM EBIT	\$25	\$35
Multiple	13.0x	17.0x
Value of GGMI	\$326	\$596
Per Share	\$1.02	\$1.87

CB Richard
Ellis trades at
~15x NTM EBIT

GGMI likely deserves a higher multiple given that CB Richard Ellis's fee stream is more transaction driven

⁽¹⁾ Pershing Square estimate.

Value of MPC

We estimate the net value of GGP's MPC segment to be anywhere between \$0.27 and \$6.72 per share

(\$ in millions, except per share data)

	Low	High
Estimated Value Per Share		
Gross Value of MPC as of 12/31/07 (1)	\$3,280	\$3,280
Less: Estimated Bridgeland Portion (2)	<u>(721)</u>	<u>(392)</u>
Gross Value of MPC as of 12/31/07 excl. Bridgeland	2,559	2,888
Memo: Net Book Value (as of 3/31/09)	1,391	1,391
Haircut		
Adj. Gross Value of MPC	100.0%	20.0%
	-	2,311
Plus: Estimated Proceeds from Sale of Bridgeland, net (3)	87	87
Less: Present Value of Deferred Tax Liability (4)	<u>-</u>	<u>(250)</u>
Net Value of MPC	\$87	\$2,148
Per Share	\$0.27	\$6.72

As of 12/31/07, management estimated the gross value of these assets to be \$3.3bn, more than \$10 per share

This segment generated ~\$150mm of net cash flow in 2005 and ~\$190mm in 2006

Note: Does not reflect impact of Contingent Stock Agreement, which could, in certain circumstances, create meaningful dilution.

(1) Represents management's valuation of the gross assets as of 12/31/07. Source: page 22 of Q3'08 operating supplement.

(2) Low case trues up 3/31/09 net book value of Bridgeland as a % of management's 12/31/07 gross value estimate. High case represents Bridgeland net book value as of 3/31/09.

(3) Assumes Bridgeland is divested for \$90mm, net of 3% transaction fees.

(4) Pershing Square estimate. The present value of the tax liability will depend on the operating performance of the segment.

Hidden Asset Value: Las Vegas

GGP's Las Vegas assets have option value as future development sites

"Fashion Show is a little bit of a different situation. The income there continues to grow very significantly, well ahead of our comp NOI average, and we expect that to continue. There are other things that we've been telling people for years that we're trying to get done there, including getting a certain portion of the project land in the Northeast corner under control, where we might be able to do additional development of that site, given its highly lucrative location right on the strip. So we wanted that flexibility."

**–Bernie Freibaum, Former CFO of GGP,
Q1'08 earnings transcript**



THE LOCATION

- Fashion Show's location on "The Strip" is within walking distance of 75 percent of the city's 143,000 hotel rooms, a total expected to reach 159,000 by the end of 2009 and 162,000 by the end of 2010.
- Guests from nearly 13,000 neighboring hotel rooms - Wynn Las Vegas, Encore at Wynn, TI, Trump International, The Palazzo and The Venetian - all have easy access to Fashion Show via pedestrian walkways that span Las Vegas Boulevard.
- Located adjacent to Fashion Show, in January 2008 The Palazzo added over 3,000 all-suite rooms to the immediate trade area making The Venetian, The Palazzo and the Sands Expo Center the largest hotel and convention complex in the world!

Hidden Asset Value: Victoria Ward

GGP recently received zoning approval to transform 60 acres of land in the heart of Honolulu into a vibrant and diverse neighborhood of residences, shops, entertainment and offices

The plan clears a path for GGP to bring to the oceanfront neighborhood as many as:

- * 4,300 residential units, many of them in towers aligned to preserve mountain and ocean views
- * 5 million square feet of retail shopping, restaurants and entertainment
- * 4 million square feet of offices and other commercial space
- * 700,000 square feet of industrial uses
- * 14 acres of open space, parks and public facilities



Hidden Asset Value: Park West

In 2007, GGP spent \$105mm developing its Park West property in Peoria, AZ. Based on the recent photograph below, we estimate that this property has the potential to generate substantially more NOI. There are likely other properties like Park West that are currently under-earning in GGP's portfolio



Hidden Asset Value: Non-Recourse Financing

GGP's liabilities are one of its most valuable assets. Non-recourse debt gives the Company a put option at the mortgage amount on properties worth substantially less than their associated mortgage

- ▶ **Relative to other REITs, GGP's capital structure consists of a high amount of non-recourse mortgage debt**
- ▶ **The substantial majority of GGP's ~\$22bn of secured financing is non-recourse**

GGP's Assets are Greater than its Liabilities

Value Per Share	Low	High
GGP REIT	\$9.11	\$21.50
GGMI	1.02	1.87
MPC	0.27	6.72
Hidden Asset Value	_____?	_____?
Value Per Share	\$10.40	\$30.08
<i>Premium to Current (as of 5/26/09)</i>	774%	2428%

What's the Downside?

Using our most conservative assumptions, and assuming the conversion of all unsecured debt into equity at the cap rate implied by GGP equity's current fair market value of \$380mm, equity need only retain 5.5% of the post-reorganization company to break even at today's stock price

Conservative Assumptions:

- ▶ Cap rate of 9.4% based on the current market cap of \$380mm
- ▶ GGMI is worth \$1.02 per share
- ▶ MPC is worth \$0.27 per share
- ▶ No value assigned to hidden asset value opportunities

Illustrative Stock Price at Various Cap Rates and Post-Reorganization Ownership Levels:

Ownership	Cap Rate						Does the Unsecured Convert?
	7.5%	8.0%	8.5%	9.0%	9.4%	10.0%	
5.5%	\$2.37	\$2.01	\$1.69	\$1.41	\$1.19	\$0.93	Yes
10.0%	4.34	3.68	3.10	2.58	2.18	1.71	Yes
20.0%	8.68	7.36	6.20	5.17	4.36	3.42	Yes
30.0%	13.02	11.04	9.30	7.75	6.54	5.12	Yes
40.0%	17.36	14.73	12.40	10.34	8.72	6.83	Yes
50.0%	21.70	18.41	15.51	12.92	10.90	8.54	Yes
60.0%	26.04	22.09	18.61	15.51	13.08	10.25	Yes
100.0%	22.79	16.21	10.40	5.24	1.19	(3.53)	No

Note: Current implied market cap based on \$1.19 stock price as of 5/26/09.

Conclusion

- ▶ **GGP equity offers an enormous potential reward for the risk taken**
- ▶ **High quality, recession-resistant assets**
- ▶ **Principal risks are bankruptcy court outcome and a further severe economic decline**
- ▶ **We believe bankruptcy law precedent and public policy will lead to a favorable outcome for shareholders**
- ▶ **Inflation is the friend of the leveraged mall company**
- ▶ **The nuisance value of the equity is meaningfully greater than zero**